

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 COME-00 SP-03 AID-20 NSC-07

RSC-01 CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

TAR-02 SWF-02 AGR-20 L-03 PA-04 PRS-01 USIA-15 DRC-01

/141 W

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P R 011710Z AUG 74

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 7709

INFO AMEMBASSY TEGUCIGALPA

AMEMBASSY MANAGUA

AMEMBASSY BOGOTA

AMEMBASSY QUITO

AMEMBASSY PANAMA

AMEMBASSY GUATEMALA

C O N F I D E N T I A L SAN JOSE 2924

GUATEMALA ALSO FOR ROCAP

E.O. 11652: GDS

TAGS: ETRD, CS

SUBJECT: BANANAS: ODUBER MEMORANDUM

REF: (A) STATE 146799

(B) SAN JOSE 2293

(C) STATE 162826

(D) SAN JOSE 2918

1. EMBASSY AGREES WITH DEPARTMENT THAT NO USEFUL PURPOSE
WOULD BE SERVED BY TRANSMITTING THE MEMORANDUM REPEATED IN
REFTEL TO STANDARD FRUIT OFFICIALS. IN THE FIRST PLACE,
AS FAR AS THE EMBASSY IS AWARE, THE MEMORANDUM CON-
TAINS NO INFORMATION THAT STANDARD DOES NOT ALREADY HAVE.
IN THE SECOND PLACE, THE POOR AND SOMEWHAT TACTLESS
DRAFTING OF THE MEMORANDUM MIGHT CAUSE TENSION AND
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ADVERSELY AFFECT CURRENT GOCR/COMPANY TALKS. EMBASSY

ALSO AGREES THAT TRANSMITTAL OF SUCH A MEMORANDUM BY THE
USG TO THE COMPANY MIGHT CAUSE STANDARD TO READ MORE INTO
THE SITUATION THAN IS THERE FROM OUR STANDPOINT.

2. THERE ARE OTHER POSSIBLE INTERPRETATIONS ON MOTIVA-
TION BEHIND THE TRANSMITTAL OF THE MEMORANDUM. THE DUAL
BLUFF THEORY IS PROBABLY CORRECT. HOWEVER, THE GOCR HAS ALREADY
GOTTEN THE WORD BACK TO STANDARD THAT IT WILL BUY RATHER
THAN YIELD ON THE TAX ISSUE BY MEANS OF ITS JULY 24 LETTER
TO THE COMPANY. ANOTHER POSSIBLE MOTIVE BEHIND THE
MEMORANDUM IS AN, ALBEIT CLUMSY, ATTEMPT ON THE PART OF
THE GOCR TO KEEP THE DEPARTMENT BRIEFED ON DEVELOPMENTS
LEST THE USGOVT, OUT OF LACK OF UNDERSTANDING OR KNOW-
LEDGE OF ALL THE "FACTS", CONSIDER RETALIATION AGAINST
THE POSSIBLE GOCR TAKEOVER OF STANDARD. THIS VIEW WOULD
TEND TO BE SUPPORTED BY ODUBER'S PREVIOUS REMARKS TO THE
EMBASSY THAT COSTA RICAN REPRESENTATIVES WOULD SEEK AN
APPOINTMENT WITH THE SECRETARY TO BRIEF HIM ON THE
CHARACTER AND SIGNIFICANCE OF THE BANANA TAX (SEE REFTEL B).

3. WITH REGARD TO SEPTEMBER 30 DATE CONTAINED IN MEMO-
RANDUM, EMBASSY BELIEVES THIS REFERS TO
THE END OF THE FIRST QUARTER; I.E. THREE MONTHS FROM
JULY 1, WHEN ANY ADDITIONAL TAX DUE TO AVERAGE HIGH
JOBBER PRICES WOULD FALL DUE. AS DEPARTMENT WILL
NOTE FROM REFTEL (D), HOWEVER, IT NOW APPEARS THAT
FOR THIS YEAR, AT LEAST, THIS ADDITIONAL AMOUNT DUE
WILL NOT BE COMPUTED QUARTERLY, BUT RATHER WILL
BE CALCULATED AT THE END OF THE CALENDAR YEAR. ANOTHER
POSSIBLE INTERPRETATION IS THAT THE SEPTEMBER 30 DATE
REFERS TO THE SIXTY DAYS TIME LIMIT GIVEN TO PAY
THE TAX DUE ON SHIPMENTS MADE PRIOR TO JULY 1 WHEN
THE REGULATIONS GOVERNING PAYMENT OF THE TAX CAME
EFFECTIVE, BUT SUBSEQUENT TO APRIL 19, WHEN THE
TAX LAW BECAME EFFECTIVE. IN THIS CASE ODUBER WOULD
HAVE MADE A MISTAKE AND SHOULD HAVE USED THE DATE
AUGUST 30 OR BETTER YET SEPTEMBER 1.

4. BANANA DECREE OF JULY 1 AND "CORRECTED" VERSION OF
JULY 12 ARE BEING POUCHED TO ARA/CEN. A COMPARISON
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OF THE TWO DECREES AS WELL AS A COMPARISON BETWEEN THE
JULY 12 DECREE AND A COPY OF THE DRAFT OF THE JULY 1
DECREE IN THE EMBASSY'S POSSESSION SHOWS THAT THE DIFFER-
ENCE, I.E. THE "CORRECTION" AS THE GOCR LABELS IT, OCCURS
AT THE BEGINNING OF ARTICLE 1 WHERE THE WORDS "AL MADURADOR
(JOBBER)"
CHANGED TO "DEL MADURADOR (JOBBER'S PRICE).
WHILE IT IS CONCEIVABLE THAT AN "AL" MAY HAVE BEEN TYPED

IN PLACE OF A "DEL", THE CHANGE FROM "JOBBER" TO JOBBER'S
PRICE" IS LESS EASY TO EXPLAIN AWAY AS AN ADMINISTRATIVE
ERROR. THE EMBASSY WOULD TEND TO AGREE WITH THE APPRAISAL
IN REFTEL (C) THAT COSTA RICA GAVE ICSTO
PANAMANIAN PRESSURE VON THE AMOUNT OF THE TAX AND CHOSE
THE METHOD OF UPPING THE ASSESSMENT BASE AS A GRACEFUL
WAY OUT.
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